Assisting Family Farmers through Insurance Reform Measures (AFFIRM) Act

The Federal Crop Insurance Program should be a cost-effective safety net that helps farmers weather hard times. However, as it stands, the program costs too much money to serve too few farmers. Projected to cost $80 billion in this decade alone, crop insurance is the largest farm safety net program, but the only one without a means test. The program pays not for most of the cost of farmers' crop insurance premiums, but also for insurance companies to provide the policies, and it guarantees them excessive profits. Despite the massive spending, less than 20% of farms participate in the program, making it highly skewed toward the biggest agribusinesses.

Through the Farm Bill, Congress can make commonsense reforms to the crop insurance program so that it works better for more farmers, reduces wasteful federal spending, and protects taxpayers. **The Assisting Family Farmers through Insurance Reform Measures (AFFIRM) Act will:**

- **Cap annual premium subsidies at $125,000 per farmer.** While many farmers don't receive more than $10,000 per year to help them pay for their crop insurance, a few large agribusinesses receive as much as $1 million per year in federal subsidy. Applying the same $125,000 cap that is already in place for Title I commodity subsidies to crop insurance impacts less than 1% of farmers but saves nearly $7 billion over ten years.
- **Eliminate premium subsidies for farmers earning more than $250,000 in adjusted gross income.** Premium subsidies should be going to small and mid-size farms that need the support and not to large companies that can afford coverage on their own. Focusing taxpayer subsidies on producers who make less than $250,000 per year protects 90% of current recipients and saves more than $20 billion over ten years.
- **Reduce subsidies that cover crop insurance company administrative and operating costs** from $1.3 billion to $900 million per year.
- **Lower insurance company profits guaranteed by the government to 8.9%.** USDA guarantees a 14.5% profit to private crop insurance companies, a rate almost 50% higher than what companies would expect to earn in the private market.
- **Eliminate subsidies for Harvest Price Option (HPO) insurance policies** so that farmers pay the premium for increased coverage. Unlike traditional policies, HPO policies recalculate the insurance payout if a crop's price at harvest is higher than the price at planting.
- **Increase transparency in the crop insurance program** by requiring USDA to disclose the names of subsidy recipients and how much they receive.
- **Restrict crop insurance subsidies to farmers who are actually farming** by applying basic work requirements to subsidy recipients.

Endorsed by: Taxpayers for Common Sense, R Street, Environmental Working Group, Heritage Foundation, National Sustainable Agriculture Coalition, National Taxpayers Union, Taxpayers Protection Alliance, Farm Action.